

FROM: Director, Worldwide Markets EXTN: 6677
DATE: 7 December 2004 REF: Y3447
SUBJECT: **SWITZERLAND: STAMP DUTY**
SUBJECT AREA(S): To clarify the application of Swiss stamp duty (Premium Tax) to certain areas of business
ATTACHMENTS: None

ACTION POINTS: **Underwriters and brokers of Swiss business to take note**
DEADLINE(S): **Immediate**

1. Background

Following The Swiss Federal Tax Administration (“ESTV”) audit of Lloyd’s Zurich office’s records of Swiss stamp duty (premium tax), for the years 1998 to 2002 inclusive, the ESTV clarified some points regarding the applicability of stamp duty to Swiss insurance premiums.

2. Goods held in Swiss freeports and bonded warehouses

Swiss freeport locations (e.g. Zurich Kloten airport, Geneva Freeport or Chiasso) are regarded as “Switzerland”, and therefore the same rules on stamp duty apply as to any other Swiss location. Lloyd’s Zurich office will, for the purposes of its stamp duty reporting, treat all such premiums as subject to Swiss stamp duty, unless slips and placing information clearly demonstrate that a claimed exemption has been met.

Swiss premiums for the temporary housing of goods in a Swiss freeport are exempt from Swiss stamp duty if it can be clearly demonstrated that the “stay” risk for such goods is insured as part of a transport policy underwritten by the same insurer(s). In these circumstances, the Freeport location is treated just as any other temporary location, with the insured goods regarded as still being in transit to their final destination.

3. Kidnap and Ransom

Premiums for K & R insurance are subject to stamp duty only if the policyholder or the insured(s) are resident in Switzerland.

If the policyholder and insured(s) reside abroad, no stamp duty should be levied. However, the ESTV insists on receiving their names, city of residence as well as a copy of the slip in these cases. As the disclosure of such details in K & R insurance is generally not possible, stamp duty will have to be paid on K & R insurance premiums.

4. Further information

Further information about the content of this Bulletin may be obtained from Lloyd's Worldwide Markets as follows:

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or

Graham West, General Manager, Switzerland at Lloyd's Zurich Office on email:
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or telephone: 00 41 1 261 3310

Further information on Swiss stamp duty may be obtained from the Lloyd's Taxation website
www.lloyds.com/taxation.

This bulletin is being sent to all compliance officers, underwriting agents, active underwriters and Lloyd's brokers.

The information contained in this market bulletin is provided in order to support managing agents in meeting their commitment ***'to protect Lloyd's licences and authorisations to conduct insurance business in the UK and overseas'***. The information will also help underwriters decide, prior to binding, how a risk can be underwritten in compliance with Lloyd's trading rights in the country concerned.

More detailed information on Lloyd's trading rights may be found on www.lloyds.com/worldwide. Select the appropriate country from the Lloyd's trading status box (located on the right hand side of the web page) and this will take you to the Quick Reference Guide for the country selected. More detailed information may then be obtained for certain countries by selecting 'Manual' from the menu on the left hand side of the screen. You will be asked to input a user name and password. Please contact the Worldwide Market Services (contact details as above) in order to obtain this information.

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